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Report of the Secretary-General

Addendum

Combating poverty*

(Chapter 3 of Agenda 21)

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* The report was prepared by the United Nations Department of Policy Coordination and Sustainable Development as task manager for chapter 3 of Agenda 21, in accordance with arrangements agreed to by the Inter-Agency Committee on Sustainable Development (IACSD). It is the result of consultation and information exchange between United Nations agencies, international and national organizations, interested government agencies and a range of other institutions and individuals.

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I. KEY OBJECTIVES

1. The present report reviews progress made in the implementation of the objectives set out in chapter 3 of Agenda 21 (Combating poverty),[1] taking into account the decisions taken by the Commission on Sustainable Development on this subject at its third and fourth sessions. Chapter 3 of Agenda 21 contains the following four main objectives:

(a) To provide all persons urgently with the opportunity to earn a sustainable livelihood;

(b) To implement policies and strategies that promote adequate levels of funding and focus on integrated human development policies, including income generation, increased local control of resources, local institution-strengthening and capacity-building and greater involvement of non-governmental organizations and local levels of government as delivery mechanisms;

(c) To develop for all poverty-stricken areas integrated strategies and programmes of sound and sustainable management of the environment, resource mobilization, poverty eradication and alleviation, employment and income generation;

(d) To create a focus in national development plans and budgets on investment in human capital, with special policies and programmes directed at rural areas, the urban poor, women and children.

2. To achieve these objectives, chapter 3 of Agenda 21 contains recommendations for policies and activities for reducing and eradicating poverty as a central element of sustainable development.

3. The period since 1992 is too short for substantial progress to have been achieved in reducing global poverty, or for reliable assessments of the effectiveness of new approaches to poverty reduction undertaken in implementation of Agenda 21. It is possible, however, to identify new institutional initiatives and programmes undertaken at national and international levels. Such initiatives, especially those of the United Nations system, will be the focus of section II below. Section III will review recent global trends in poverty, on a somewhat longer-term basis, and new development activities that are being introduced in international and national development programmes for the purpose of poverty reduction. Section IV will consider aspects of poverty that have deteriorated since 1992; and the final section will consider poverty-related issues that have increased in importance since 1992.

II. PROGRESS ACHIEVED

4. Since 1992, broad agreement has developed that, as a central priority of sustainable development strategies, poverty must be reduced and ultimately eradicated. The importance of this objective has been reaffirmed, and policies towards its achievement have been elaborated, at subsequent major United Nations conferences, notably the 1995 World Summit for Social Development, where it was

one of three major themes in the Programme of Action of the World Summit for Social Development.[2] The Programme of Action of the Social Summit calls for detailed actions to address all of the poverty-related objectives of Agenda 21, including integrating poverty eradication strategies into all aspects of development planning, ensuring universal access to basic education, health care and other social services, expanding opportunities for sustainable livelihoods, and improving social integration and participation. Other conferences made detailed recommendations concerning other aspects of poverty, notably, demographic factors, at the 1994 International Conference on Population and Development; gender issues, at the 1995 Fourth World Conference on Women; urban issues, at the 1996 United Nations Conference on Human Settlements (Habitat II); and hunger and undernutrition at the 1996 World Food Summit. Agenda 21, however, still provides the most detailed recommendations concerning the interlinkages between poverty and the environment.

5. At the Social Summit, heads of State or Government committed themselves to the goal of eradicating poverty in the world, through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of mankind. They agreed that this should be carried out by formulating or strengthening, preferably by 1996 (declared by the General Assembly as the International Year for the Eradication of Poverty), and implementing national poverty eradication plans to address the structural causes of poverty. The plans are to establish affordable, time-bound goals and targets for the substantial reduction of overall poverty and the eradication of absolute poverty, including the creation of employment and other income-generating activities, as well as universal access to health care, education and other basic social services. In accordance with a recommendation of the Social Summit, the General Assembly proclaimed the first United Nations Decade for the Eradication of Poverty (1997-2006).

6. As part of the follow-up to the Social Summit, Governments have reported a variety of actions towards the eradication of poverty: adopting national targets for poverty reduction; promoting job creation and growth; maintaining effective safety nets, including comprehensive social security, universal health care and education services; providing adequate housing; enhancing social integration of the poor; and undertaking studies and surveys to improve national information on poverty.

7. The Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), in Shaping the 21st Century: The Contribution of Development Co-operation,[3] has proposed a global development partnership, building on the commitments that member countries made at the Social Summit and other recent global conferences. As their target for poverty eradication, they proposed that the proportion of people living in extreme poverty in developing countries should be reduced by at least one half by the year 2015. They also proposed targets related to basic social services.

8. A comprehensive debt initiative for highly indebted poor countries (HIPC) was endorsed at a meeting of the Development Committee of the International Monetary Fund (IMF) and the World Bank in September 1996. This initiative is targeted at the poorest countries whose debt is at an unsustainable level. After a three-year assessment period, countries for which existing debt-

reduction mechanisms are considered insufficient for achieving sustainability would receive debt reduction of up to 90 per cent on eligible debt by Paris Club creditors, comparable treatment by other bilateral and commercial creditors, and reduction of claims by multilateral creditors. Reforms in macroeconomic policies as well as structural and social policies would be included. This alleviation of the debt-service burden is expected to support the efforts of the poorest countries to combat poverty and provide social services to those in need.

9. Within the United Nations system, follow-up activities for the recent global conferences relating to social and economic development are being coordinated and integrated. Three ad hoc inter-agency task forces have been set up by the Administrative Committee on Coordination (ACC) in order to ensure coordinated support for country-level activities for implementing the recommendations of the conferences, with an overall focus on poverty reduction. The three task forces are (a) the Task Force on Basic Social Services for All; (b) the Task Force on Employment and Sustainable Livelihoods; and (c) the Task Force on the Enabling Environment for Economic and Social Development. The task forces have established work programmes to be completed within one year. In addition, an Inter-Agency Committee on Women has been established in order to ensure effective coordination in the implementation of the Platform for Action[4] adopted at the Fourth World Conference on Women and related elements from other conferences. The ACC Inter-Agency Committee on Sustainable Development (IACSD) is working closely with other coordination bodies and the ACC task forces in order to promote an integrated approach to sustainable development. Work is under way to coordinate the follow-up to Habitat II with that to the other conferences.

10. The Economic and Social Council, at its substantive session of 1996, adopted agreed conclusions 1996/1 on coordination of United Nations system activities for poverty eradication,[5] with specific recommendations for coordination and division of labour within the United Nations system, including the functional commissions of the Council. The Council itself will provide overall guidance and coordination for the United Nations system, within a broad policy framework established by the General Assembly. The Commission for Social Development, as the body with the primary responsibility for the follow-up to the Social Summit, is to provide an integrated approach to national and international poverty eradication strategies.

11. The Commission on Sustainable Development, at its fourth session, suggested to the Economic and Social Council that, in its future work relating to poverty, the Commission should focus its attention on the interlinkages between poverty and the environment (decision 4/2, para. 6).[6] Concerning the implementation of those recommendations of chapter 3 of Agenda 21 that correspond to core areas of the Social Summit, the Fourth World Conference on Women and the International Conference on Population and Development, the Council recommended, in paragraph 42 of its agreed conclusions 1996/1, that the Commission on Sustainable Development should rely on inputs from the Commission for Social Development, the Commission on the Status of Women and the Commission on Population and Development, respectively.

12. For the United Nations Environment Programme (UNEP), poverty reduction has been a focus of work undertaken in response to Agenda 21, including work within the context of the United Nations System-wide Special Initiative on Africa and the regional programme of the African Ministerial Conference on the Environment. The linkages between poverty and environmental degradation and the improvement of access to sustainable water resources, with emphasis on the needs of people in poverty, have been priority areas of action.

13. Since 1992, IMF and the World Bank have paid increased attention to poverty, social welfare and income distribution in their surveillance activities, programme design and technical assistance work.

14. To augment the efforts of non-governmental organizations to promote micro-credit schemes, an international Consultative Group to Assist the Poorest (CGAP) was launched in 1995. Donor members consist of a number of bilateral donors, the European Commission, the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP)/United Nations Capital Development Fund (UNCDF), the International Labour Office, three regional development banks and the World Bank. CGAP will provide funds to a variety of eligible institutions, including non-governmental organizations, credit unions, cooperatives and banks, in order to assist their efforts in expanding micro-credit schemes.

15. In response to the challenge of hunger and food insecurity, the Food and Agriculture Organization of the United Nations (FAO) has launched a new major initiative, the Special Programme for Food Security in Low-Income Food-Deficit Countries, in order to assist those countries in increasing food production on a sustainable basis, in reducing food insecurity and undernutrition, and in increasing agricultural employment and income. The 1996 World Food Summit adopted a Plan of Action including a commitment to reducing hunger in the world by one half by the year 2015.

16. Other agencies of the United Nations system, and other international organizations, within their areas of specialization, have been giving greater attention to poverty reduction and related social factors, as part of the general consensus that, during the 1980s, these issues were not adequately recognized as essential elements of development strategies.

III. PROMISING CHANGES

A. Socio-economic trends

17. Although this report focuses on progress since 1992 in implementation of the Rio commitments, consideration of trends in poverty must use a somewhat longer period in order to measure meaningful changes. While these trends cannot be attributed specifically to the Rio process, the Rio commitments were part of a continuing trend towards focusing greater attention on poverty and giving it higher priority in development policies.

18. The table shows recent World Bank estimates of regional trends in the incidence of poverty and the number of people living in poverty in developing

countries, using household income of less than $1 per day per person as an indicator of poverty. Also shown is the infant mortality rate, which is a sensitive indicator of malnutrition and lack of access to health care as well as of low income. The estimates indicate a modest but significant decrease in the incidence of poverty in developing countries in recent years, and a more substantial decrease in infant mortality. Regionally, the incidence of poverty has declined in East Asia, and the Middle East and North Africa, but not in other regions. Infant mortality rates have fallen in all regions. Other data show that life expectancy has increased in all regions, and that school enrolment rates have expanded in all regions except sub-Saharan Africa. However, steady population growth in developing countries has meant that the total number of people living in poverty in the world has increased despite these positive trends.

Trends in world poverty

	Incidence of poverty (percentage)			Number of poor (millions)			Infant mortality (per thousand)	
	1987	1990	1993	1987	1990	1993	1987	1993
East Asia the Pacific	28.2	28.5	26.0	464	468	446	44	35
Latin America and the Caribbean	22.0	23.0	23.5	91	101	110	49	43
Middle East and North Africa	4.7	4.3	4.1	10.3	10.4	10.7	67	53
South Asia	45.4	43.0	43.1	480	480	515	97	84
Sub-Saharan Africa	38.5	39.3	39.1	180	201	219	103	93
Total	33.3	32.9	29.4	1 225	1 260	1 301	63	54

Source: World Bank, Poverty Reduction and the World Bank (Washington, D.C, 1996).

19. It is generally agreed that sustained economic growth under conditions of political and economic stability is essential, although not sufficient, for substantial poverty reduction. Improvements in economic growth and reduction in inflation in many countries in the 1990s therefore offer a basis for more effective poverty reduction measures in the future.

B. Anti-poverty activities

20. To support broad-based economic growth and poverty reduction, there has been increasing support for micro-enterprises, micro-credit schemes and rural employment, both agricultural and non-agricultural. Economic policy reforms in many countries have reduced obstacles to informal sector economic activities and

other small-scale entrepreneurial efforts, which are often the primary sources of a livelihood for people in poverty.

21. There have also been increasing efforts, on national, bilateral and international levels, to promote the role of non-governmental organizations, women's groups and other local and community organizations in designing and implementing projects for poverty eradication and social development. Such groups have been active in particular in promoting micro-enterprises, smallholder agriculture and other rural production activities, and in organizing social services, extension services and natural resource management, particularly for disadvantaged groups (see box 1). Many United Nations agencies are promoting such projects with more participatory approaches.

Box 1. Participatory conservation

In 1977, Professor Wangari Maathai, Kenya's first woman professor, had initiated a campaign to combat desertification in her country, which grew into the Green Belt Movement. This movement has mobilized women throughout Kenya to halt desertification, reduce soil erosion and increase fuelwood supply, using a participatory approach towards soil and water conservation. The Movement now has 50,000 members, many of whom are poor and illiterate. It owns 1,500 tree nurseries, and has planted over 10 million trees.

Source: The Courier, No. 154 (November-December 1995).

22. Development programmes have increasingly recognized that reducing and eliminating the barriers that have prevented women from fully participating in economic activities can reduce the disproportionate poverty among women and children, as well as contribute to national development in general. Efforts are being made by national and international organizations to ensure that women have equal access to land, credit, education and training, technology and other productive resources. Experience has shown that, when given access to financial services, women have excellent repayment records and are more likely than men to use new earnings to improve the education, health and nutrition of their families.[7] An increasing number of micro-credit schemes are focusing on women (see box 2).

Box 2. Micro-credit

In order to undertake small-scale production or to obtain inputs for agricultural or artisanal production, low-income people need access to very small loans, often less than $100. Banks, however, have considered such loans too costly to administer and have regarded low-income rural people without collateral as high credit risks. The experience of the Grameen Bank of Bangladesh, however, has shown that rural micro-credit programmes can be commercially viable. The average loan is $75-$100, with interest charged at commercial rates. Loans are made to individuals and require no collateral, but the individuals must form groups with all members guaranteeing repayment. The repayment rate has been very high, exceeding typical commercial bank experience. Although the Grameen Bank did not focus on women initially, women have become its predominant customers. The success of the programme in improving the economic status of rural women has led to numerous efforts to duplicate the programme in other countries.

Sources: FOCUS (Consultative Group to Assist the Poorest), No. 2 (October 1995); and S. M. Hashemi, S. R. Schuler and A. P. Riley, "Rural credit programmes and women's empowerment in Bangladesh", World Development, vol. 24, No. 4 (1996), pp. 635-653.

23. Efforts are being made to increase funding for basic social services through the 20/20 Initiative, which calls for 20 per cent of the national budget of developing countries and 20 per cent of official development assistance (ODA) of donor countries to be allocated to primary education, basic health care, clean water and sanitation. As a follow-up to the Social Summit, the Governments of Norway and the Netherlands convened a meeting in April 1996 to review the implementation of the Initiative.

IV. UNFULFILLED EXPECTATIONS

24. As indicated in the table, the number of people in the world living in poverty is increasing steadily despite declines in the incidence of poverty. Estimates indicate that in Latin America as a whole, the poverty rate has been increasing despite increases in gross national product (GNP) per capita, while the rates in sub-Saharan Africa and South Asia remain at very high levels. Despite generally improved health indicators in developing countries, sub-Saharan Africa has seen increasing numbers of infant deaths and malnourished children, as the decline in the mortality rate has been offset by population growth.[8]

25. The period since Rio coincides with one of intense economic reform in the economies in transition of Eastern Europe and the former Union of Soviet Socialist Republics. In those economies, there has been considerable deterioration of living conditions and increases in poverty rates as a result of declines in production and employment. As those economies have substantial infrastructure and high levels of human resources, economic growth may soon

resume, but increasing inequality may leave large numbers of people trapped in poverty.[9]

26. Many Western European countries are experiencing persistently high levels of unemployment, and in a number of developed countries, inequality in income distribution has increased. As a result of slow economic growth, even slower growth in employment, and an increasing proportion of older people, there is cutting back on social protection systems to prevent people from falling into poverty.[10]

27. Total ODA provided by the countries of the OECD Development Assistance Committee (DAC) has decreased sharply in real terms, from $62 billion in 1992 to an estimated $50 billion in 1996 (in 1994 dollars). ODA to the least developed countries declined as a share of total ODA from 27.4 per cent in 1983-1984 to 24.2 per cent in 1993-1994. As a share of ODA committed to sustainable development, poverty eradication remained at the very low level of 0.38 per cent in 1993, a level practically unchanged from that of 1980. ODA for social programmes, however, increased from 3.8 to 5.3 per cent in the same period, owing mostly to increases in spending on health programmes.[11]

V. EMERGING PRIORITIES

28. While the majority of people with incomes below the poverty line live in rural areas of the world, the number of urban poor is growing rapidly as the world becomes increasingly urbanized, as emphasized by the United Nations Conference on Human Settlements (Habitat II). In Latin America, a majority of people in poverty are already urban-dwellers. Furthermore, estimates of global poverty based on a single income threshold may underestimate urban poverty by neglecting the higher cost of living in urban areas. It is estimated that more than 600 million urban-dwellers in developing countries, including many who are not poor by conventional income standards, live in unsafe houses and lack basic social services. With rapid urbanization, there is an urgent need to ensure basic social services for the growing numbers living under health-threatening conditions. The Economic and Social Council, in its agreed conclusions 1996/1, called on the Commission on Sustainable Development to contribute in this area when the Commission for Social Development examined the theme of "Social services for all" in 1999.

29. Rural poverty and food insecurity are closely linked. About 800 million people in developing countries face chronic undernutrition, and almost 200 million children suffer from protein or energy deficiencies. By the year 2030, the world's population will have grown by another 3 billion people, thus further stretching the world's food resources. Ensuring adequate and affordable food supplies, through implementation of the commitments of the 1996 World Food Summit, will be a major challenge facing developing countries and the international community in the twenty-first century.

30. Rural development remains an urgent priority for sustainable development, with a substantial majority of the estimated 1.3 billion poor people living in rural areas. Rural poverty is a driving force of natural resource degradation, and poverty reduction, as indicated by the example in box 1, is closely tied to

proper management of natural resources, leading to higher crop yields and an improved environment. Declines in the rate of growth of agricultural production in recent years suggest that pressure on land may increase, possibly leading to increased degradation and desertification.

31. The decision of the Commission on Sustainable Development to focus its poverty-related work on interlinkages between poverty and the environment was supported by the Economic and Social Council. In pursuing this work, particular attention might be paid to the sustainable management and development of natural resources in fragile environments with high rates of poverty. Public works for water conservation, erosion control, afforestation and other conservation efforts could be used to improve the environment, increase productivity and generate incomes for people living in poverty. Community-based and participatory approaches to public works planning, water management and other sustainable development activities have proven particularly productive and should be applied more widely. Work on the interlinkages between poverty and the environment must also address the problems of low-income urban areas, such as squatter settlements in erosion- or flood-prone areas, on steep hillsides or riverbanks, in hazardous areas along main roads or railway tracks, or near dangerously polluted industrial areas.

32. Low-income populations in developing countries meet most of their energy needs from traditional biomass, including wood, dung and agricultural wastes. Use of these fuels is generally inefficient, harmful to health and expensive relative to commercial fuels such as kerosene, gas and electricity. In urban areas, concentrated use of such energy sources causes severe air pollution, adding to the health risks from other urban pollutants. A major obstacle to the use of commercial fuels by low-income households is the investment or upfront costs in appliances, connection charges or container deposits, even though in many cases the savings would quickly repay the investment. There is therefore a need to build investment costs into usage charges so as to promote use of commercial fuels by people with low incomes, thereby reducing their energy costs, protecting their health and improving the environment.

33. Women and girl children suffer disproportionately from poverty, in terms both of overrepresentation among people in poverty, and of bearing the burdens of household poverty. It is estimated that in rural areas, the number of women in poverty has risen by nearly 50 per cent in the last two decades.[12] However, there is very limited understanding of the gender-related causes and consequences of poverty or of ways to address these problems. Most poverty surveys are based on household income and do not examine intra-household distribution of resources. Effective poverty reduction programmes therefore require careful examination of the gendered division of labour and decision-making both within and outside the household.

34. Increased attention must be given to the development challenges facing small island developing States, owing to their vulnerability to natural and environmental disasters, which are expected to increase with global warming, and their limited options.

Notes

[1] Report of the United Nations Conference on Environment and Development, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

[2] Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995 (United Nations publication, Sales No. E.96.IV.8, chap. I, resolution 1, annex II.

[3] Paris, OECD, May 1996.

[4] Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995 (A/CONF.177/20 and Add.1), chap. I, resolution 1, annex II.

[5] See A/51/3 (Part I), chap. III, para. 2.

[6] Official Records of the Economic and Social Council, 1996, Supplement No. 8 (E/1996/28), chap. I, sect. C, decision 4/2.

[7] See The World's Women, 1995: Trends and Statistics (United Nations publication, Sales No. E.95.XVII.2 and Corr.1 and 2), chap. 5, "Women's access to credit".

[8] See UNICEF, The State of the World's Children, 1996 (Oxford and New York, Oxford University Press, 1996), p. 59, fig. 10.

[9] See Report on the World Social Situation, 1997 (United Nations publication, forthcoming).

[10] See UNDP, Human Development Report, 1996 (New York and Oxford, Oxford University Press, 1996).

[11] See background paper, No. 7, entitled "Financial flow statistics: adjustments for monitoring the financing of Agenda 21", prepared by the Division for Sustainable Development for the Commission on Sustainable Development at its fourth session, 18 April-3 May 1996.

[12] See UNDP, Human Development Report, 1995 (New York and Oxford, Oxford University Press, 1995), chap. 2, section on "Persistent deprivation and inequality: economic opportunities denied" (p. 36).